

## Computing Your Retirement Benefit

A member's retirement benefit is calculated based on a retirement formula. The member must be age 62 or older to receive a retirement benefit. The retirement benefit cannot exceed 80% of the Average Final Salary.

The factors used in calculating this benefit include:

1. **Average Final Salary (Compensation):** The average of the highest five years (July - June) out of the last 10 years the member made contributions. Partial years are included when calculating the average final salary if they benefit the member.
2. **Years and Months of Creditable Service:** The total amount of creditable service to include membership service, prior service, purchased service and transfer service.
3. **Retirement Benefit Factor:** The current benefit factor, as established by the Alabama Legislature, is 1.65%.

### Retirement Formula for Maximum Monthly Benefit

**Average Final Salary x Years and Months of Service x Benefit Factor ÷ 12 = Maximum Monthly Benefit**

**Example:** Average Final Salary: \$42,000  
Service Credit: 27 years and 6 months  
Age 62

$\$42,000 \times 27.5 \times .0165 \div 12 = \$1,588.13$  per month

The member also has four options to choose from that are a reduction from the Maximum Monthly Benefit.

**Important:** When a member submits a retirement application, the staff calculates the monthly benefit under the Maximum Monthly Benefit and the Optional Monthly Benefits. The TRS mails this information to the retiring member, along with the RETIREMENT BENEFIT OPTION SELECTION AND TAX FORM PACKET PART II. This packet includes the RETIREMENT BENEFIT SELECTION form, WITHHOLDING CERTIFICATE FOR PENSION OR ANNUITY PAYMENTS, and POSTRETIREMENT EMPLOYMENT INFORMATION.

If no election of an option is made prior to the effective date of retirement, the law specifies that the member will receive the Maximum Monthly Benefit retirement allowance.